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ABSTRACT

This digest offers a brief discussion about the growth of distance education in the postsecondary arena and summarizes the U.S. Department of Education's progress in evaluating current rules governing financial aid for distance learning. Department of Education statistics show that there was a 72% increase in the number of institutions offering distance education from 1995 to 1998, when 1,680 institutions offered about 54,000 online courses enrolling 1.6 million students. Rules designed to combat fraud and abuse in education in the 1980s and early 1990s are now hampering distance education students as they limit the number of courses an institution can offer online or set strict qualifications for distance students receiving financial aid. It will be necessary to look at this aspect of financial aid and distance education. Congress has already established a Distance Education Demonstration Program to provide increased higher education through distance education, and this program will test some issues related to student aid. Program waivers and changes in program administration will also assist distance education students seeking financial aid. The new Administration has promised to work with Congress to address the issues that must be considered before crafting new student financial aid regulations. (Contains 14 references.) (SLD)

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The U.S. Department of Education and Student Financial Aid for Distance Education: An Update

By Patricia A. Wood

Since the mid-1990s, there has been a boom in the number of U.S. colleges and universities providing courses and degree programs via distance education—education or training courses delivered to off-campus locations via audio, live or prerecorded video, or computer technologies, including both synchronous and asynchronous instruction (Lewis, Snow, Farris, and Levin, 1999, pp. vi, 2). Between 1995 and 1998, enrollments in distance education classes more than doubled, reaching 1,632,350, and this rapid growth is expected to continue (U.S. Dept. of Education, 2001, June 25).

This virtual explosion in distance education has piqued the interest of parents, students, distance education providers, and federal officials in the rules governing the U.S. Department of Education's distribution of federal student financial aid for distance learning. Under the current federal student aid programs (Title IV of the Higher Education Act of 1965, as amended), the bulk of student aid is awarded to a college or university's resident students; there are a number of statutory and regulatory provisions that limit the eligibility of distance education students to receive financial assistance (U.S. Dept. of Education, 1999, June 25).

The Education Department is now reexamining these provisions, considering how student financial aid regulations are affecting distance education programs, and formulating recommendations for change. This paper offers a brief discussion about the growth of distance education in the postsecondary arena and summarizes the Education Department's progress in evaluating current rules governing financial aid for distance learning.

Distance Education at Postsecondary Institutions

Distance Education at Postsecondary Institutions: 1997-98, a 1999 Education Department report, found that 1,190 distance learning programs were offered by higher education institutions in 1998, a 72 percent increase from 1995. In 1998, 1,680 institutions offered a total of about 54,000 online-education courses, with 1.6 million students enrolled. Forty-four percent of higher education institutions offered distance education courses in 1998, an 11% increase from 1995 (Carnevale, 2000, January 7).

Other report findings include:

- 1) The Internet was the medium of choice for most institutions providing distance education. From 1995 to 1998, the proportion of institutions that used two-way interactive video dropped from 57 percent to 56 percent; the proportion that used recorded video courses dropped from 52 percent to 48 percent. The proportion of those offering asynchronous courses on the Internet increased from 22 percent to 60 percent, while the proportion providing synchronous courses on the Internet increased from 14 percent to 19 percent (Carnevale, 2000, January 7).
- 2) Seventy-seven percent of institutions charged the same tuition for similar online and traditional courses, and 66 percent did not charge additional fees for distance education courses (Carnevale, 2000, January 7).
- 3) Of the schools offering distance education programs, 70 percent offered courses in English, social and behavioral sciences, and the humanities; 55 percent offered courses in business and management; 36 percent offered courses in health care; 32 percent in mathematics; 29 percent in education; 26 percent in computer science; 17 percent in vocational and technical fields; 12 percent in engineering; 7 percent in agriculture and natural resources; and 6 percent in library and information sciences. Sixteen percent of the colleges offered other distance education courses (Carnevale, 2000, January 7).

Battling Fraud and Abuse in the Student Aid Programs

The rapid expansion of distance education introduces potential risks for fraud and abuse of the Department of Education's student financial assistance programs. Similar risks were present in the 1980s as the numbers of institutions offering postsecondary vocational education increased substantially. A number of student aid program abuses were exposed, including questionable recruiting practices, sudden school closures, participation of low quality schools, and courses expanded in order to obtain more student aid (U.S. Dept. of Education, OPE, PPI, 2001, p. 29).

To combat such abuses, the Department's oversight authority was expanded by provisions enacted in the late 1980s and early 1990s. The Higher Education Amendments of 1992 were particularly effective in addressing the fraud and abuse in the Title IV student financial aid programs that occurred primarily in schools that delivered instruction by print-based

correspondence. The Amendments effectively barred schools offering over half of their courses via correspondence or a combination of correspondence and telecommunications from participating in Title IV, student financial aid programs. One rule limited to less than 50 percent the numbers of students an eligible institution is allowed to enroll in correspondence courses. Another stipulated that correspondence students are allowed to receive Title IV financial assistance only if enrolled in associate's, bachelor's, or graduate degree programs. Congress also imposed a 30-week academic year requirement on eligible institutions in response to abuses such as course stretching and other issues of program length (U.S. Dept. of Education, OPE, PPI, 2001, pp. 16, 29).

Though fraud and abuse of the Title IV financial aid programs were greatly remedied by the increased number of provisions set forth in the 1992 HEA amendments, these rules are now hampering distance education students in receiving financial aid (Van der werf, 2000). Until recently, the 1992 Amendments had little effect on the majority of institutions participating in Title IV, student financial assistance programs. Providing distance education via correspondence or telecommunications was a small part of their activity. The postsecondary education landscape has changed dramatically over the last few years, however, as the Internet and other technologies have extended institutions' reach and the demand for online education has grown rapidly (U.S. Dept. of Education, OPE, PPI, 2001, p. 16).

Distance Education Demonstration Program

By the late 1990s, Congress recognized the importance of the growing trend in distance education as an option to on-campus study and its potential for increasing access to postsecondary education for some groups of students—students living in rural areas, working parents, and students with disabilities that limit their access to the traditional campus setting (U.S. Dept. of Education, 1999, June 25). At the same time, Congress wished to proceed cautiously in amending the rules regulating student financial aid for distance education (U.S. Dept. of Education, OPE, PPI, 2001, p. 29).

Congress acted by authorizing the Distance Education Demonstration Program in the 1998 Higher Education Amendments. The Demonstration Program is designed to provide increased student access to higher education through distance education and to test the quality and viability of expanded distance education programs currently restricted under the Higher Education Act. It is also designed to help determine the most effective means of delivering quality education via distance education, the statutory and regulatory requirements that should be altered to provide greater access to distance education, and the appropriate level of Title IV, student financial assistance for students enrolled in distance education programs (U.S. Dept. of Education, OPE, PPI, 2001, p. 1).

In short, the Demonstration Program will test some of the issues related to student aid for distance learning before Congress considers policy changes that might again result in increases in fraud and abuse (U.S. Dept. of Education, OPE, PPI, 2001, p. 34).

Program Waivers

The Distance Education Demonstration Program allows selected postsecondary schools, systems, and consortia waivers of two rules that currently limit the eligibility of financial aid for distance education:

- 1) the rule that makes schools ineligible for student aid if they enroll 50 percent or more of their students in distance education programs or offer 50 percent or more of their courses via distance education;
 - 2) the rule that requires that a school's academic year consist of a minimum of 30 weeks for students to receive the maximum federal financial aid.
- Waivers are also granted from some Title IV financial aid regulations to facilitate arrangements such as:
- 1) sharing of distance education courses among consortia members;
 - 2) enrollment tracking to verify status of students taking courses at several institutions simultaneously;
 - 3) collaborations between two- and four-year institutions that will allow a student who has earned an associate degree from a community college to complete a baccalaureate degree via distance education;
 - 4) calculating a student's cost of attendance by limiting costs to tuition, fees, books and supplies, and excluding living expenses, to help determine the appropriate amount of federal aid for distance education students (U.S. Dept. of Education, 1999, June 25).

Program Administration

The Distance Education Demonstration Program began to be implemented on July 1, 1999 with the selection of 15 postsecondary schools, systems and consortia to participate



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in the first year of the program. Additional participants were selected to join the program in its third year, beginning July 1, 2001 (U.S. Dept. of Education, OPE, 2001, October 26). The projects are expected to continue through the 2003-2004 academic year at which time Congress is expected to consider amendments to the Higher Education Act (U.S. Dept. of Education, 2001, June 25). There are currently 24 participants, including over 100 institutions from 20 states and the District of Columbia (U.S. Dept. of Education, OPE, 2001, October 26).

*American InterContinental University
http://www.aiaa-online.com

*Brigham Young University
http://www.byu.edu

*Capella University
http://www.capellauniversity.edu

*Community Colleges of Colorado
(system schools)
http://www.cccoes.edu

*Connecticut Distance Learning
Consortium (consortium members)
http://www.ctdlc.org

*Eastern Oregon University
http://www.eou.edu

*Florida State University
http://www.fsu.edu

*Franklin University
(consortium members)
http://www.franklin.edu

*JesuitNET Consortium
http://www.jesuitnet.edu

*LDS Church Education System
(system schools)
http://www.bya.edu

*Marlboro College
http://www.gradcenter.marlboro.edu

*New York University
http://www.saps.nyu.edu

*North Dakota University System
(system schools)
http://www.ndus.nd.gov

*Quest Education Corp. - Kaplan College
http://www.kaplancollege.com

*Regis University
http://www.regis.edu/distance.asp

*Southern Christian University
http://www.southernchristian.edu

*Texas Tech University
http://www.dce.ttu.edu

*United States Sports Academy
http://www.ussa.edu

*University of Maryland University College
http://www.umuc.edu

*University of Phoenix
http://www.phoenix.edu

*Walden University
http://www.waldenu.edu

*Washington Community and Technical
College System Online Consortium
(consortium members)
http://www.shctc.ctc.edu/dl/default.htm

*Washington State University
http://www.wsu.edu

*Western Governors University
http://www.wgu.edu

(U.S. Dept. of Education, OPE, Distance Education Demonstration Program, Participating Institutions).

Staff from the Education Department's Office of Postsecondary Education and Office of Student Financial Assistance administer the Demonstration Program. The Office of Postsecondary Education, as the office responsible for the development of Title IV Student Financial Assistance policy, provides the Program leadership (U.S. Dept. of Education, OPE, 2001, October 26).

Program Results

Congress required that Program findings be reported after 18 months with subsequent reports submitted annually (Carnevale, 2001, Feb. 9). The *Report to Congress on the Distance Education Demonstration Program*, issued January 2001, responds to some of the concerns that institutions have about the federal financial aid rules and statutes, but does not make specific recommendations about what actions Congress should take (Carnevale, 2001, Feb. 9).

According to the report, inflexibility in financial aid regulations hurts the advancement of distance education. Current rules that restrict which colleges and universities can provide federal financial aid to distance education students are complex and inhibiting and should be updated to reflect the growth of alternative education (Carnevale, 2001, Feb. 9).

One of these rules—the "50 percent rule"—disallows schools offering more than half of their courses via distance learning from providing federal student aid. A second rule targeted as inhibiting is the "12-hour rule"—a rule created to exclude diploma mills—that requires that students enroll in at least 12 hours of course work a week to qualify for full-time status and the maximum amount of student aid (Carnevale, 2001, Jan. 19, Feb. 9). Proponents of distance education assert that distance education and other alternative teaching methods do not rely on classroom hours to gauge students' learning and call the 12-hour rule an antiquated measure; distance education allows students to be in class for as long as they need to, they argue, rather than for a prescribed period (Carnevale, 2000, Sept. 15). The report also suggests the possibility of experimenting with a student-based delivery system—disbursing financial aid to students directly, instead of the current practice of giving it to postsecondary institutions to distribute (U.S. Dept. of Education, OPE, PPI, 2001, p.vi).

The Future

Though the Distance Education Demonstration Program was begun during the last Administration, the matters involved are bipartisan. The new Administration has stated it will work with Congress throughout the coming months to explore the myriad issues that must be carefully considered before crafting new student financial aid regulations (Carnevale, 2001, Jan. 19). Interested parties may stay abreast of developments by visiting the Distance Education Demonstration Program website at: <http://www.ed.gov/offices/OPE/PPI/DistEd/>

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